MEDICARE PAYMENT ADVISORY COMMISSION

PUBLIC MEETING

Ronald Reagan Building
International Trade Center
Horizon Ballroom
1300 13th Street, N.W.
Washington, D.C.

Thursday, December 13, 2001
10:00 a.m.

COMMISSIONERS PRESENT:

GLENN M. HACKBARTH, Chair
ROBERT D. REISCHAUER, Ph.D., Vice Chair
BEATRICE S. BRAUN, M.D.
SHEILA P. BURKE
AUTRY O.V. "PETE" DeBUSK
ALLEN FEEZOR
FLOYD D. LOOP, M.D.
RALPH W. MULLER
ALAN R. NELSON, M.D.
JOSEPH P. NEWHOUSE, Ph.D.
JANET G. NEWPORT
CAROL RAPHAEL
JOHN W. ROWE, M.D.
DAVID A. SMITH
RAY A. STOWERS, D.O.
MARY K. WAKEFIELD, Ph.D.

Agenda item:
Public comment II

MR. HACKBARTH: We are now to the public comment period of 15 minutes.

MS. FISHER: I was just going to say, do we get the rest of the time remaining?

MR. HACKBARTH: No. I was anticipating that, Karen. The answer is no.

MS. FISHER: I was going to start and then defer to others and reserve it back.

I just wanted to point out a couple of items. First of all, we appreciate the fact of the chart in Jack's and Jesse's presentation that includes that Table 16 about the impact of possible policy changes in the future so that you can understand what's coming down the pike. I play a little bit of golf and if I were looking at my golf card I'd like to see all those minuses and the zero in the large urban. Unfortunately, when you're looking at teaching hospitals who are located in large urbans, all the minuses there are not a positive indictment.

We could probably add two more to that list. One is that there has been a technical change that's in the process of occurring with the wage index related to excluding teaching physician costs that will also be reducing the wage index in areas where teaching hospitals are located. That fact is not widely known.

In addition, due to the economy, the number of uncompensated care is likely to increase in the future. So those are two more additional minus signs that will probably be on that list.

We're also glad to hear that the Commission wants to see total margins. I know you all this but it bears repeating that hospitals make decisions about what services they provided, what services they will not provide based on what their total financial bottom line is. Seeing what those numbers are, seeing what the importance of IME and DSH is for teaching hospitals I think will be useful.

We also agree with the comment made that the IME discussion should be a distinct discussion. I think you're going to otherwise have a very straightforward update discussion in January and adding the IME I think would only encumber that discussion even more.

But I should point out as an aside that on the outpatient side when CMS was putting forth the proposed rule for the outpatient system they did run some regression analyses in terms of looking at teaching intensity and outpatient cost and did find

a positive relationship. They decided it wasn't as great as the inpatient side obviously, but they decided not to include an IME adjustment on the outpatient side because they wanted to see how the system would flow out.

Certainly teaching hospitals, due to the transitional corridors and pass-throughs right now, who knows how they're doing. But when that goes through this issue about teaching intensity and costs on the outpatient side I think is going to come up again.

Finally, on the Medicare+Choice issue, given the Commission's sense that it seems, at least to me, to the extent that this issue does get addressed in your March report, to the extent you've had past recommendations recommending that Medicare+Choice plans receive 100 percent of the fee-for-service payment, that there might need to be some clarification in there regarding the carve-out issue.

Thank you very much.

MR. HACKBARTH: Okay, I guess we're done for today, and we reconvene tomorrow morning at 9:00 a.m. Thank you very much.

[Whereupon, at 4:27 p.m., the meeting was recessed, to reconvene at 9:00 a.m., Friday, December 14, 2001.]